

REFERENCE TITLE: department of insurance; continuing education

State of Arizona
House of Representatives
Forty-ninth Legislature
First Regular Session
2009

HB 2538

Introduced by
Representative Quelland

AN ACT

AMENDING SECTIONS 20-2901, 20-2902 AND 20-2903, ARIZONA REVISED STATUTES;
REPEALING LAWS 1998, CHAPTER 255, SECTION 17, AS AMENDED BY LAWS 2003,
CHAPTER 216, SECTION 1; RELATING TO CONTINUING EDUCATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 20-2901, Arizona Revised Statutes, is amended to
3 read:

4 **20-2901. Definitions**

5 In this article, unless the context otherwise requires:

6 1. "Applicant" means a provider organization that submits an
7 application to the contractor to provide continuing education courses.

8 2. "Approved continuing education course" means any course that has
9 been approved by at least five other states or that is approved by a
10 contractor or automatically approved pursuant to section 20-2904.

11 3. "Approved provider" means an organization or individual that offers
12 an approved continuing education course and that is authorized by the
13 contractor to offer the course to a licensee for credit toward the licensee's
14 continuing education requirements.

15 4. "Continuing education review committee" means the committee
16 appointed by the director pursuant to section 20-2905 to establish minimum
17 standards that apply to approved providers and approved continuing education
18 courses and minimum performance standards that apply to contractors.

19 5. "Contractor" means the person who has a contract with the
20 department of insurance to approve continuing education providers and courses
21 and to administer the continuing education program and who is paid through
22 fees collected from approved providers when the approved providers apply for
23 continuing education course approval.

24 6. "Credit hour" means the value assigned to an hour of instruction in
25 an approved continuing education course.

26 7. "ETHICS TRAINING" MEANS CONTINUING EDUCATION COURSE CONTENT THAT
27 DEFINES THE TYPES OF ETHICAL RESPONSIBILITIES INSURANCE PRODUCERS OWE TO
28 THEIR COMPANIES, THEIR PROSPECTIVE CUSTOMERS, POLICYHOLDERS, THEIR
29 REGULATORS, OTHER INSURANCE PROFESSIONALS AND THE PUBLIC AT LARGE.

30 8. "License period" means the period between the date an Arizona
31 insurance license is issued or last renewed and the expiration date of the
32 Arizona insurance license.

33 8. "Licensee" means an insurance producer WHO IS LICENSED FOR ONE
34 OR MORE MAJOR LINES OF INSURANCE AS DEFINED IN SECTION 20-281. , including a
35 surplus lines broker, or a managing general agent as defined in chapter 2,
36 article 3.1 of this title who at any time during the license period holds a
37 current nonresident license to transact insurance in another state. Licensee
38 does not include any firm, corporation or other similar entity or an adjuster
39 as defined in section 20-321.

40 9. 10. "Nonresident applicant" means an insurance producer or a
41 managing general agent or service representative A LICENSEE who holds a
42 resident license in another state and a nonresident license in this state and
43 who is applying for the renewal of a TO RENEW THE nonresident license in this
44 state.

1 **10.** 11. "Provider organization" means a person ~~that~~ WHO provides
2 continuing education courses but WHO has not yet been accepted as an approved
3 provider pursuant to section 20-2904.

4 Sec. 2. Section 20-2902, Arizona Revised Statutes, is amended to read:

5 20-2902. Continuing education requirements: nonresident license
6 in another state; nonresident license in this state

7 A. FOR LICENSES ISSUED OR RENEWED BEFORE JANUARY 1, 2010, to qualify
8 for renewal of a resident license, each licensee whose expiring license
9 period is at least one year but not more than two years shall complete a
10 minimum of twenty credit hours of approved insurance continuing education
11 courses offered by an approved provider. FOR LICENSES ISSUED OR RENEWED
12 BEFORE JANUARY 1, 2010, to qualify for renewal of a resident license, each
13 licensee whose expiring license period is more than two years shall complete
14 a minimum of forty credit hours of approved insurance continuing education
15 courses offered by an approved provider.

16 B. FOR LICENSES ISSUED OR RENEWED ON OR AFTER JANUARY 1, 2010, TO
17 QUALIFY FOR RENEWAL OF A RESIDENT LICENSE, EACH LICENSEE WHOSE EXPIRING
18 LICENSE PERIOD IS AT LEAST ONE YEAR BUT NOT MORE THAN TWO YEARS SHALL
19 COMPLETE A MINIMUM OF TWENTY-FOUR CREDIT HOURS OF APPROVED INSURANCE
20 CONTINUING EDUCATION COURSES OFFERED BY AN APPROVED PROVIDER, INCLUDING AT
21 LEAST THREE HOURS OF ETHICS TRAINING. FOR LICENSES ISSUED OR RENEWED ON OR
22 AFTER JANUARY 1, 2010, TO QUALIFY FOR RENEWAL OF A RESIDENT LICENSE, EACH
23 LICENSEE WHOSE EXPIRING LICENSE PERIOD IS MORE THAN TWO YEARS SHALL COMPLETE
24 A MINIMUM OF FORTY-EIGHT CREDIT HOURS OF APPROVED INSURANCE CONTINUING
25 EDUCATION COURSES OFFERED BY AN APPROVED PROVIDER, INCLUDING AT LEAST SIX
26 HOURS OF ETHICS TRAINING.

27 C. THE DIRECTOR MAY AWARD A LICENSEE WHO INSTRUCTS AN APPROVED COURSE
28 ON BEHALF OF AN APPROVED PROVIDER UP TO TWICE THE CREDIT HOURS ASSIGNED TO
29 THE APPROVED COURSE.

30 D. A LICENSEE WHO COMPLETES OR INSTRUCTS AN APPROVED COURSE MORE THAN
31 ONE TIME DURING A LICENSE PERIOD MAY RECEIVE CREDIT FOR THAT APPROVED COURSE
32 ONLY ONCE DURING THAT LICENSE PERIOD.

33 E. THE DIRECTOR SHALL AWARD A LICENSEE TWO CONTINUING EDUCATION
34 CREDITS DURING EACH LICENSE PERIOD IF THE LICENSEE IS A MEMBER OF ONE OF THE
35 FOLLOWING ASSOCIATIONS:

- 36 1. A NATIONAL ASSOCIATION OF HEALTH UNDERWRITERS.
- 37 2. A NATIONAL ASSOCIATION OF INSURANCE AND FINANCIAL ADVISORS.
- 38 3. AN ASSOCIATION OF INDEPENDENT INSURANCE AGENTS AND BROKERS LOCATED
39 IN THIS STATE.

40 B. F. After the licensee completes an approved continuing education
41 course, the approved provider shall furnish the licensee with a certificate
42 of compliance ~~in a form approved by the director~~ that certifies that the
43 licensee has taken and completed the course. The licensee and a person
44 authorized to sign on behalf of the approved provider shall sign the
45 certificate. The director may require that the licensee attach the signed

1 certificate of compliance to the application for renewal of the resident
2 license. ~~The director shall not renew the licensee's resident license unless~~
3 ~~the director has obtained evidence that the licensee has completed the credit~~
4 ~~hours prescribed in subsection A. The required credit hours apply to the~~
5 ~~same term as the license.~~

6 ~~C. Pursuant to subsection B,~~ The CERTIFICATE OF COMPLIANCE SHALL
7 BE IN A form approved by the director AND shall require at least the
8 following information:

9 1. The licensee's name and the license number that is issued by the
10 department.

11 2. The name of the approved provider.

12 3. The subjects and titles of the approved continuing education
13 courses that the licensee completed.

14 4. The dates that the licensee completed the approved continuing
15 education courses.

16 5. THE NUMBER OF CREDIT HOURS IN ETHICS TRAINING THAT THE LICENSEE
17 EARNED BY COMPLETING THE APPROVED CONTINUING EDUCATION COURSE.

18 6. THE TOTAL NUMBER OF CREDIT HOURS THAT THE LICENSEE EARNED BY
19 COMPLETING THE APPROVED CONTINUING EDUCATION COURSE.

20 H. THE DIRECTOR SHALL NOT RENEW THE LICENSEE'S RESIDENT LICENSE UNLESS
21 THE DIRECTOR HAS OBTAINED EVIDENCE THAT THE LICENSEE HAS COMPLETED THE CREDIT
22 HOURS PRESCRIBED IN SUBSECTION A OR B. THE REQUIRED CREDIT HOURS ARE
23 COTERMINOUS WITH THE LICENSE PERIOD.

24 D. I. Except as provided in subsections ~~E~~ J and ~~F~~ K, a ~~licensee~~
25 ~~seeking to renew a nonresident license~~ NONRESIDENT APPLICANT shall submit
26 proof to the director of having earned the continuing education credit
27 requirements that are needed to satisfy the requirements of the nonresident
28 licensee's resident state to comply with the continuing education
29 requirements prescribed in this section.

30 E. J. If the nonresident ~~licensee's~~ APPLICANT'S resident state does
31 not recognize credits earned by residents of this state, the nonresident
32 applicant shall satisfy the continuing education prescribed in this section
33 only by earning continuing education credits from an approved provider.

34 F. K. Subsections ~~D~~ I and ~~E~~ J do not apply to a nonresident
35 ~~licensee~~ APPLICANT whose resident state does not have a continuing education
36 requirement.

37 L. THE CONTINUING EDUCATION REQUIREMENTS OF THIS SECTION DO NOT APPLY
38 TO A LICENSEE WHO HAS BEEN LICENSED FOR ONE OR MORE MAJOR LINES OF INSURANCE
39 FOR TWENTY YEARS OR MORE.

40 Sec. 3. Section 20-2903, Arizona Revised Statutes, is amended to read:
41 20-2903. Record keeping

42 A. ~~Beginning on July 1, 1999~~ Licensees shall maintain their own
43 continuing education records described in section 20-2902, subsection ~~C~~ G
44 and shall keep the records until the second renewal date after the period for
45 which the continuing education credits were earned.

1 B. In order to verify the attendance and successful course completion
2 of all licensees enrolled in an approved course, approved providers shall
3 maintain records for five years in a manner acceptable to the director. The
4 records are subject to audit by the department. Each approved provider shall
5 maintain records that include at least the following information for each
6 approved continuing education course provided by the approved provider:

- 7 1. The title and subject.
- 8 2. A list of attendees.
- 9 3. The name of the instructor.
- 10 4. A copy of the continuing education course outline.
- 11 5. Other information deemed necessary by the director.

12 C. Based on an audit prescribed in subsection B of this section, if
13 the director discovers that an approved provider has failed to maintain
14 records in the manner prescribed in subsection B of this section, the
15 director shall immediately notify the contractor described in section 20-2904
16 of the approved provider's noncompliance and the contractor shall remove the
17 approved provider from the contractor's list of approved providers. The
18 contractor shall not accept that provider organization as an approved
19 provider for at least one year. The approved provider's noncompliance does
20 not affect the licensee's ability to obtain a renewal of a nonresident
21 license if the licensee complies with section 20-2902 and subsection A of
22 this section.

23 Sec. 4. Repeal

24 Laws 1998, chapter 255, section 17, as amended by Laws 2003, chapter
25 216, section 1, is repealed.